



FCC MAIL SECTION

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September 1, 1992

**COMMON CARRIER BUREAU RELEASES UPDATED INFORMATION IN PRICE CAP PERFORMANCE
REVIEW FOR AT&T (CC DOCKET NO. 92-134); DISCUSSES PROCEDURES FOR FILING
COPIES OF COMMENTS ON PC-COMPATIBLE DISKETTES**

In an Appendix to the Notice of Inquiry opening the price cap performance review for AT&T (Price Cap Performance Review for AT&T, CC Docket No. 92-134, FCC 92-257), the Commission released data on AT&T's performance under price cap regulation as of the time the Notice was adopted, on June 18, 1992. The Commission also indicated that it would provide more complete data on AT&T's performance during the first three years of price cap regulation, July 1, 1989 through June 30, 1992, when this data became available. As part of its monitoring program, the Common Carrier Bureau has now compiled this data. We are therefore releasing an updated Appendix as part of this Public Notice.

Comments in this docket are currently due on September 4, 1992, replies on October 5, 1992. We remind commenters that the Commission is using this proceeding as a test of methods to improve the ability of the Commission and the public to review and evaluate data and information, by including them in computerized read-only data bases. We encourage commenters to submit an additional copy of their comments to the Secretary's Office in a form that will permit their inclusion in this data base, specifically on one or more IBM-PC compatible diskettes with text files compatible with WordPerfect 5.1 or 4.2 and spreadsheets compatible with Lotus 1-2-3. We currently plan to maintain the data base in the Common Carrier Bureau Industry Analysis Division Bulletin Board. We also encourage comments and suggestions for improvements to these procedures, in order to facilitate the creation of useful data bases.

For further information, please call Dan Grosh, Tariff Division, (202) 632-6387.

Appendix

Chart 1

AT&T's Price Caps Indices

by Basket and Band
(June 30, 1989 – July 1, 1992)

Index by Basket and Band	June 30, 1989 *	July 1, 1990			July 1, 1991			July 1, 1992		
	Index	Upper Band	Index	Lower Band	Upper Band	Index	Lower Band	Upper Band	Index	Lower Band
Basket 1										
Price Caps Index	96.6	---	94.3	---	---	94.1	---	---	94.4	---
Actual Price Index	98.4	---	94.3	---	---	93.6	---	---	94.3	---
Residential Index	98.8	95.5	94.5	---	95.5	94.1		95.4	94.5	---
Service Band Indices :										
Day	95.7	95.5	91.8	86.3	94.2	89.2	85.2	96.5	91.9	87.3
Evening	99.5	98.8	91.4	90.1	94.5	90.9	86.4	93.4	89.8	85.3
Night/Weekend	99.6	102.4	99.9	93.4	106.3	102.2	97.1	106.3	102.2	97.1
International	99.2	98.3	94.6	88.8	99.4	94.5	89.9	99.4	94.7	90.0
Operator and Card	98.6	100.6	98.7	90.9	103.9	96.4	94.0	104.5	99.5	94.5
Reach Out America	97.1	94.6	88.5	85.5	93.2	88.4	84.4	91.3	86.9	82.6
Basket 2										
Price Caps Index	96.8	---	94.0	---	---	93.8	---	---	94.1	---
Actual Price Index	97.3	---	92.8	---	---	93.4	---	---	92.5	---
Service Band Indices:										
AT&T 800	98.4	98.3	94.7	88.8	100.4	95.3	90.8	97.0	92.1	87.8
Directory 800 **	---	---	---	---	103.3	100.0	95.3	106.6	103.6	98.4
MEGACOM 800	92.3	88.5	85.3	80.0	90.4	85.8	81.8	91.5	85.2	82.8
Other 800	100.0	96.3	90.0	87.0	93.7	89.0	84.8	93.4	89.0	84.5
READYLINE 800	96.5	93.9	90.2	84.8	96.0	91.1	86.8	98.7	93.4	89.3
Original Basket 3 ***										
Price Caps Index	98.3	---	96.7	---	---	97.3	---	---	---	---
Actual Price Index	96.9	---	93.1	---	---	95.9	---	---	---	---
Service Band Indices :										
AT&T WATS	94.8	99.2	94.7	89.8	104.9	99.0	94.9	---	---	---
MEGACOM	92.8	92.9	88.6	84.0	95.7	90.4	86.6	---	---	---
Other Switched	100.2	104.2	99.0	94.3	102.9	97.1	93.1	---	---	---
Other Private Line	99.2	79.8	76.1	72.2	83.1	78.3	75.2	---	---	---
PRO WATS	96.1	95.8	91.1	86.7	98.3	92.8	88.9	---	---	---
SDN	81.9	80.7	76.8	73.0	82.0	77.8	74.2	---	---	---
Voice Grade Private Line	101.2	103.0	98.1	93.2	108.9	102.8	98.5	---	---	---
Restructured Basket 3 ***										
Price Caps Index	---	---	---	---	---	---	---	---	102.8	---
Actual Price Index	---	---	---	---	---	---	---	---	97.9	---

Source: FCC, Common Carrier Bureau, Tariff Division.

* The values of indices on June 30, 1989 are those that immediately preceded price caps regulation: Indices were initiated at 100.0 on December 31, 1988 and price caps regulation began on July 1, 1989.

** The Directory 800 band was added to price caps regulation on July 1, 1991.

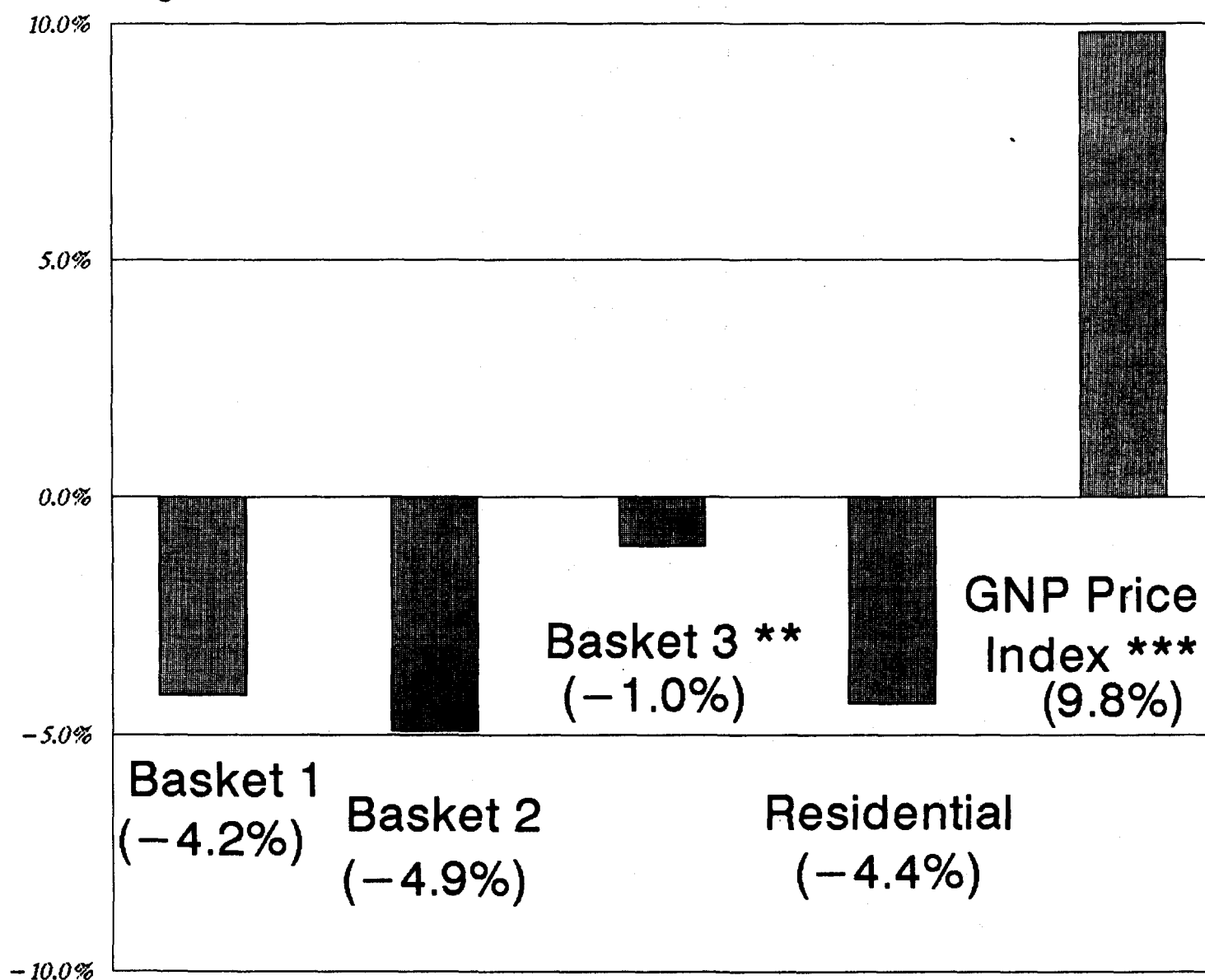
*** Basket 3 indices were reinitiated to 100.0 on August 1, 1991, when Basket 3 was restructured to include only private-line-analog services.

Chart 2

Comparison of Change in AT&T's Price Indices * to Change in GNP Price Index

July 1, 1989 – June 30, 1992

Percent Change



Sources: Chart 1 except for the GNP Price Index (GNP-PI). The GNP-PI is from the Bureau of Economic Analysis, Department of Commerce, Survey of Current Business, various volumes.

* Price indices are the Actual Price Index (API) in each basket and the Basket 1 Residential Index.

** Represents change over two years ending June 30, 1991. An abbreviated period is shown, because most services in Basket 3 were removed from price caps in November 1991.

*** Represents change over the period beginning 3rd Quarter 1989 and ending 1st Quarter 1992. An abbreviated period is used, because GNP-PI data is not yet available beyond 1st Quarter 1992.

Chart 3

Consumer Benefits from Below-Caps Pricing and Consumer Dividends

(Millions of Dollars)

Row	Item	1st Price Caps Year	2nd Price Caps Year	3rd Price Caps Year	4th Price Caps Year ***	Total **
1.	Amount by which AT&T has exceeded regulatory requirements by pricing below the cap	\$258	\$205	\$205	\$74	\$742
2.	Consumer Productivity Dividend	\$85	\$179	\$269	\$286	\$819
3.	TOTAL CONSUMER BENEFIT *	\$343	\$384	\$474	\$360	\$1,561

Source: FCC, Common Carrier Bureau, Tariff Division.

* Equals Row 1 plus Row 2.

** Equals the sum of the years.

*** Year 4 consumer benefit is lower than the previous year, due to the removal of all services except private-line-analog services from Basket 3.

Notes:

1st Price Caps Year is December 31, 1988 through July 1, 1989.

2nd Price Caps Year is July 2, 1989 through July 1, 1990.

3rd Price Caps Year is July 2, 1990 through July 1, 1991.

4th Price Caps Year is July 2, 1991 through July 1, 1992.

Chart 4

AT&T's Interstate Rate of Return

(Thousands of Dollars)

Row	Item	1989	1990	1991
1	Total Revenues	\$25,945,517	\$25,204,356	\$25,672,542
2	Total Expense & Taxes	\$24,719,988	\$23,666,092	\$24,177,121
3	Net Earnings	\$1,225,529	\$1,538,264	\$1,495,420
4	Rate Base (Avg. Net Investment)	\$11,145,915	\$11,207,433	\$11,151,312
5	Rate of Return (Percent)	11.00%	13.73%	13.41%

Source: FCC, Common Carrier Bureau, AT&T's Interstate Rate of Return Report, 1991, 1990, 1989.

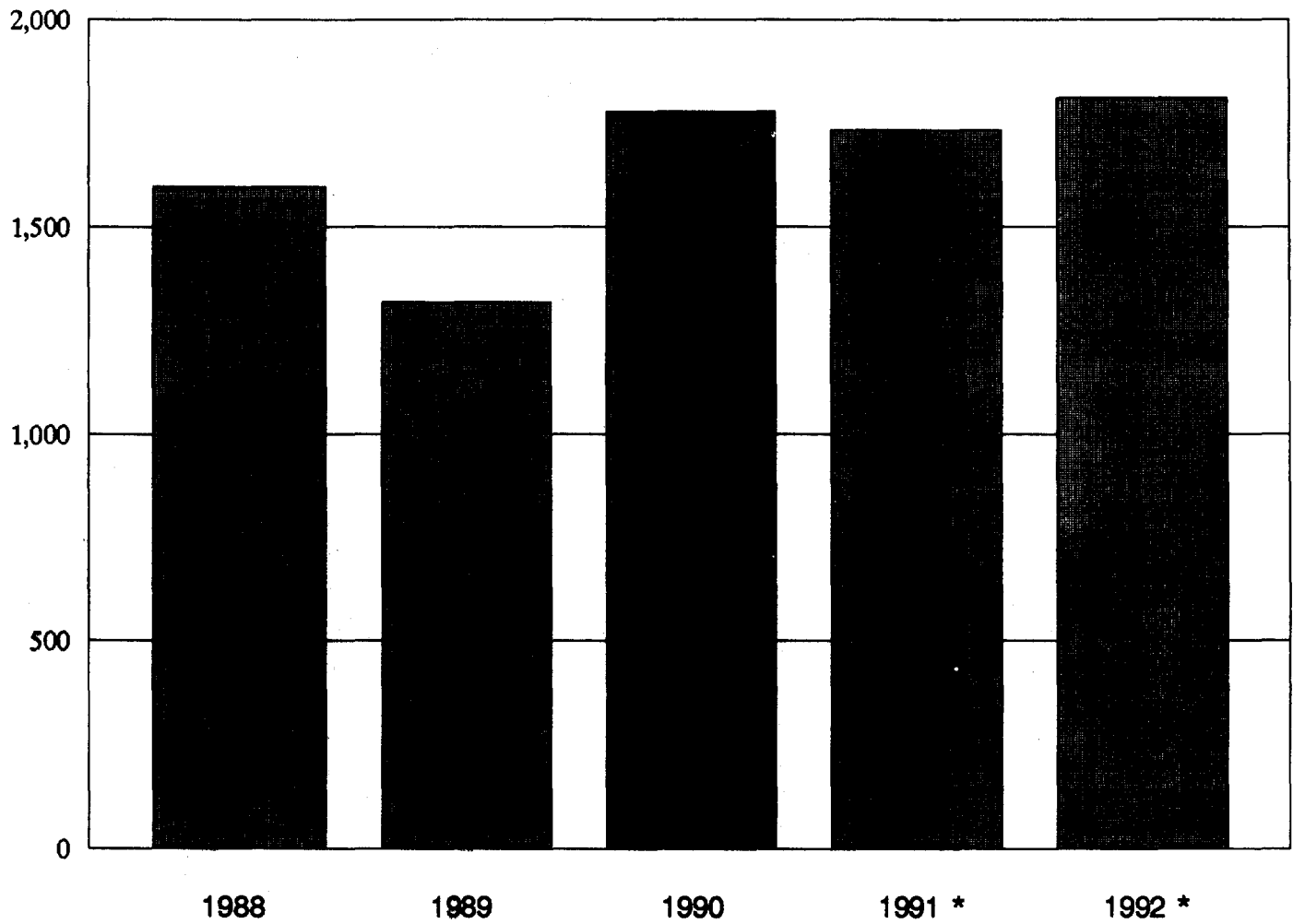
Notes:

Row 3: Row 1 minus Row 2.

Row 5: Row 3 divided by Row 4.

Chart 5

AT&T's Circuit Counts



Source: FCC, Common Carrier Bureau, Domestic Facilities Division.

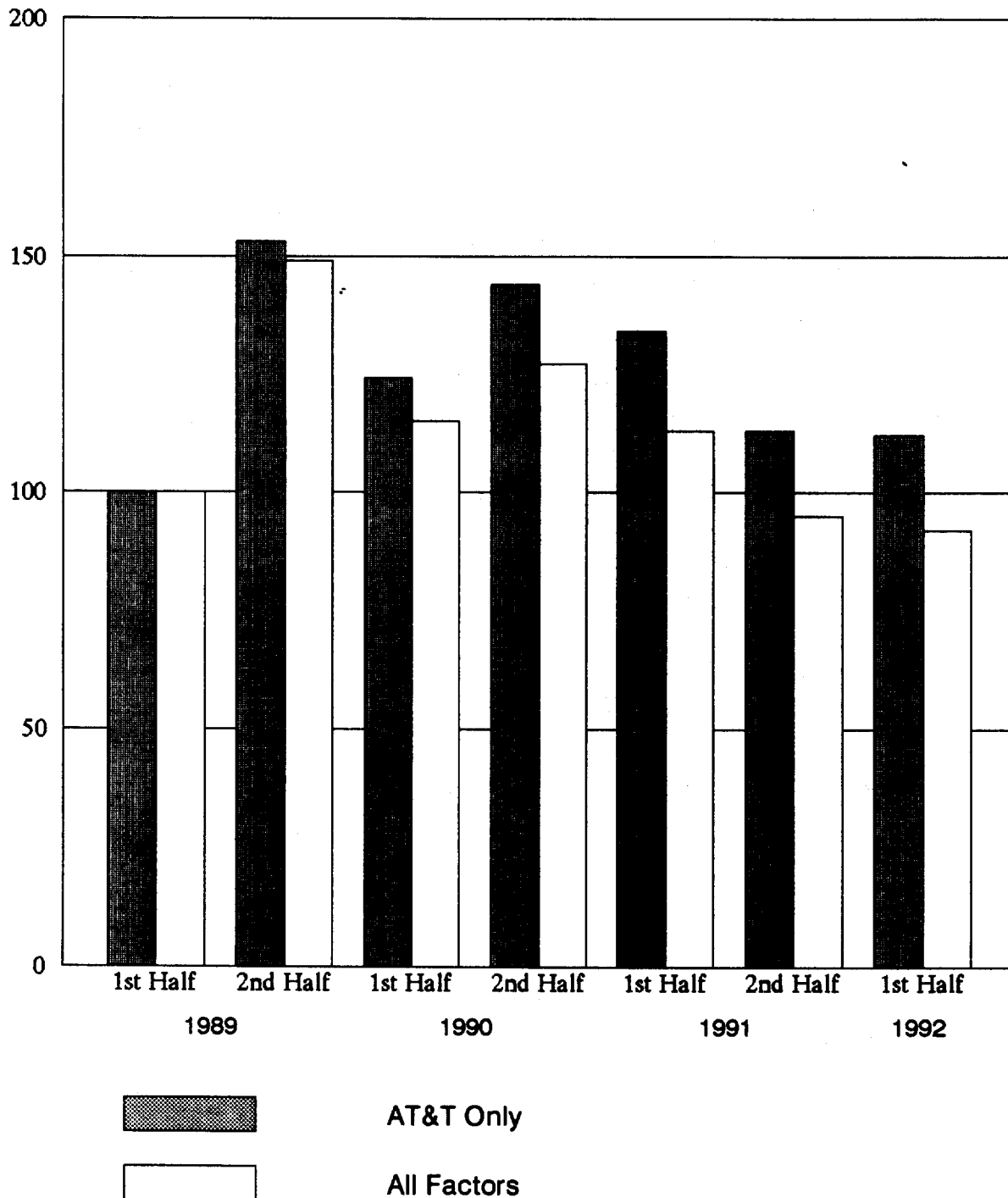
* Estimate.

Chart 6

AT&T's Equipment Blockage and Failure Index

(1989-1992)

Index, 1st Half 1989 = 100



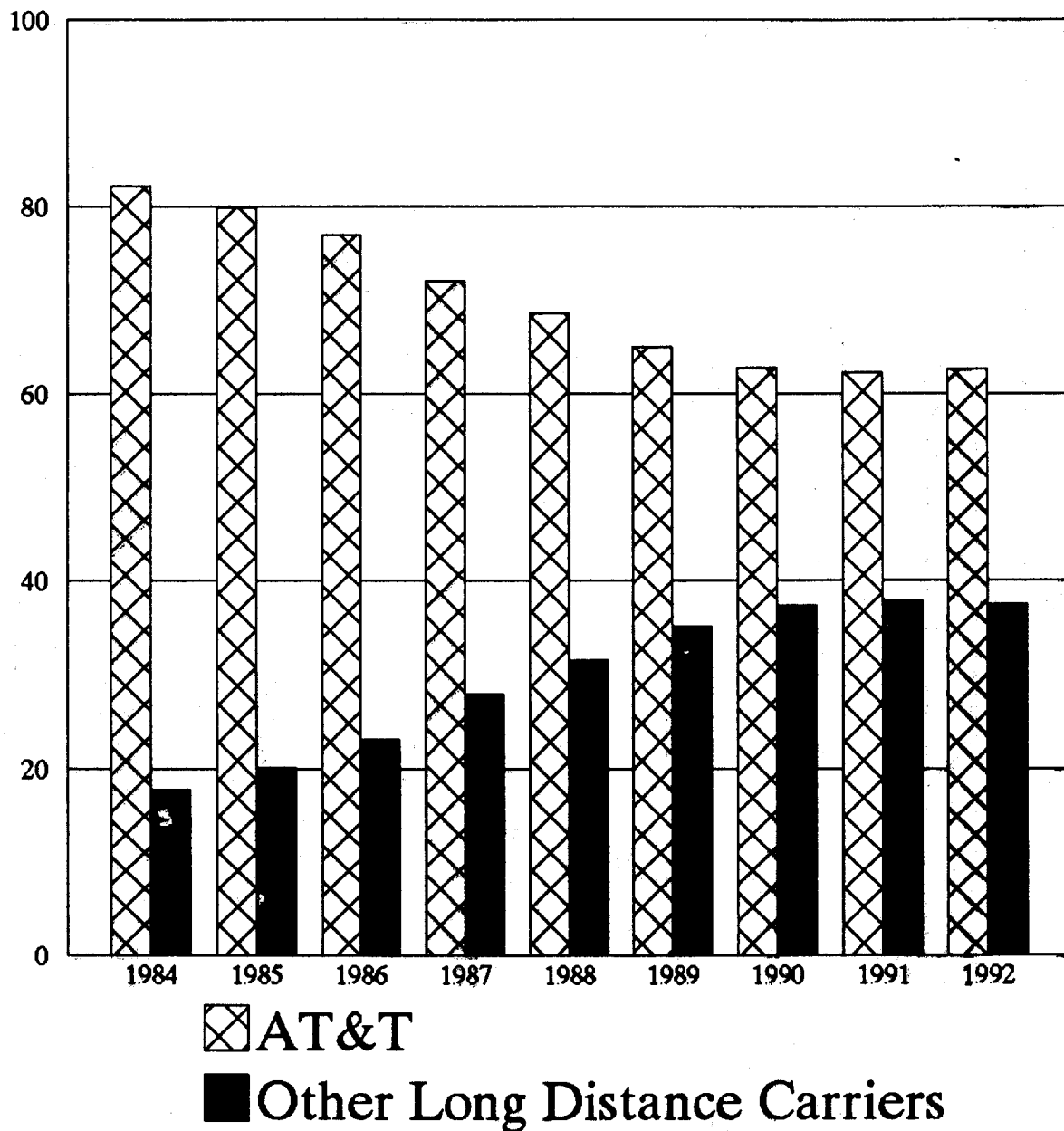
Source: FCC, Common Carrier Bureau, Industry Analysis Division.

Chart 7

AT&T's Market Share Interstate Switched Minutes of Use

(1984 - 1992)*, **

Percent Share



Source: FCC, Common Carrier Bureau, Industry Analysis Division. Long Distance Market Shares, 4th Quarter 1991, Released 3/24/92.

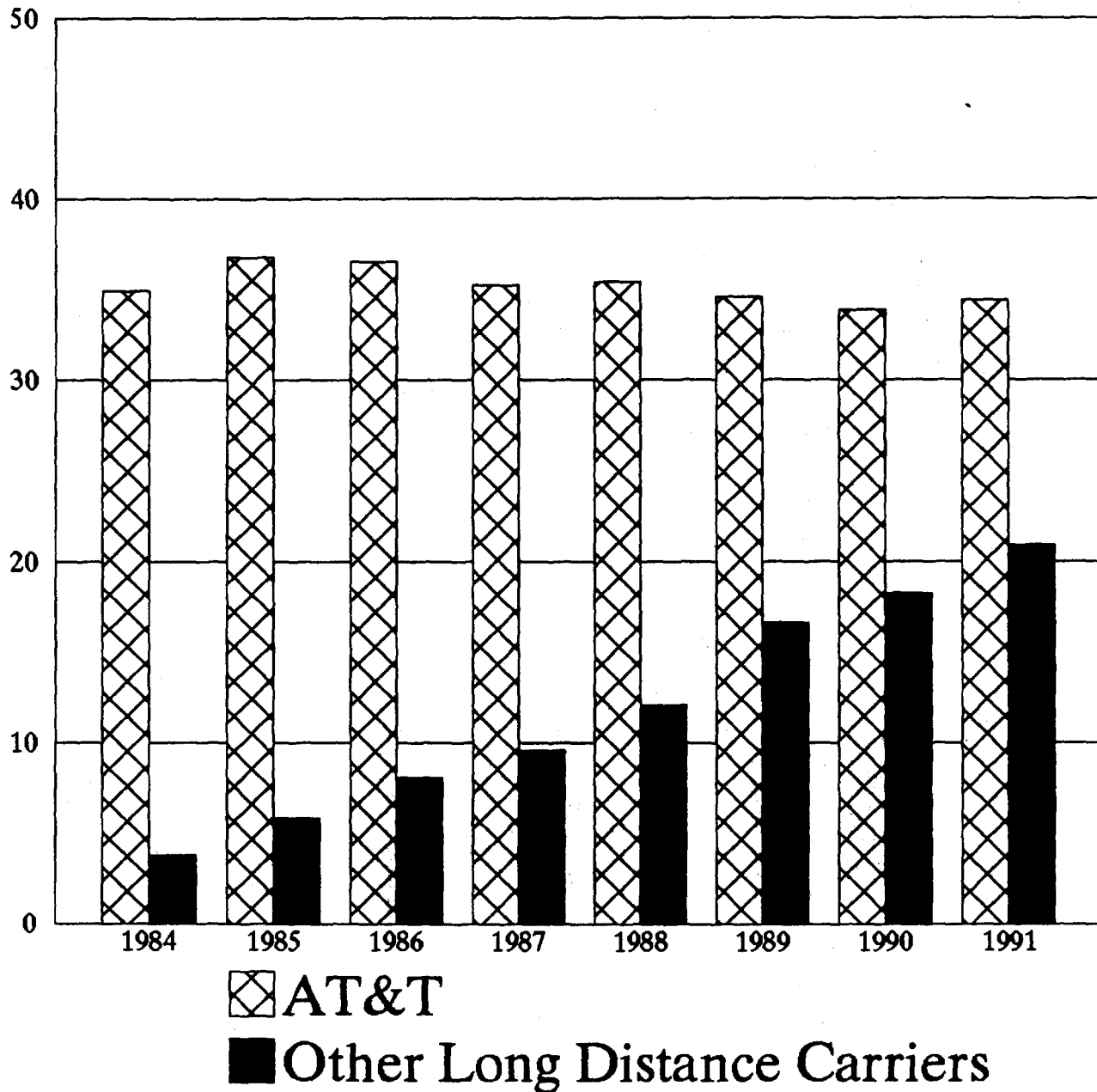
* Data for 1984 is based on the second half of the year. Data for first half 1984 was not available

** Data for 1992 is for the first quarter only. Later data is not yet available.

Chart 8

AT&T's Toll Revenues * Compared with Other Long Distance Carriers (1984-1991)

Billions of Dollars



Source: FCC, Common Carrier Bureau, Industry Analysis Division.

* Includes intrastate and interstate revenues.

Chart 9

Number of Long Distance Telephone Carriers

Year	End of Quarter	Using Equal Access		Total All Carriers	
		Common Carriers *	Total **	Common Carriers *	Total **
1986	1	--	169	--	--
	2	--	183	--	--
	3	--	190	--	506
	4	--	210	--	533
1987	1	--	211	--	561
	2	--	213	--	n/a
	3	--	224	--	n/a
	4	--	239	--	540
1988	1	--	238	--	511
	2	--	248	--	519
	3	--	256	--	506
	4	--	266	--	510
1989	1	--	274	--	519
	2	--	287	--	n/a
	3	--	304	--	n/a
	4	--	318	--	514
1990	1	289	295	466	512
	2	288	294	460	506
	3	304	311	462	511
	4	304	311	448	499
1991	1	306	314	446	505
	2	327	342	441	542
	3	337	352	455	538
	4	351	366	473	576
1992	1	361	378	482	595

Source: FCC, Common Carrier Bureau, Industry Analysis Division. Summary of Long Distance Carriers, released June 16, 1992.

n/a: Data is not available.

* Separate data for common carriers was not available until 1990.

** Data includes firms not involved in common carriage.